



Iowa Department of Human Services

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INFORMATIONAL LETTER NO.1256

DATE: July 1, 2013

TO: Home Health Agencies, Home Health Services Program

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: LUPA Reimbursement Methodology

EFFECTIVE: July 1, 2013

Legislative Directive

Pursuant to recent Iowa Legislative action (Iowa Code Section 249A.4, and 2013 Iowa Acts, Senate File 446, section 29f), the Low Utilization Payment Adjustment (LUPA) methodology shall become effective July 1, 2013. The services of the Home Health Services program that will be reimbursed by the LUPA wage index adjusted rate methodology include: Skilled Nursing, Home Health Aide, Physical Therapy, Occupational Therapy, Speech Therapy, and Medical Social Services.

LUPA Reimbursement Methodology

The LUPA rates are national rates calculated by the Centers for Medicare and Medicaid Services (CMS) on an annual basis. The LUPA rates reimburse per visit for each service discipline and include each of the six service disciplines listed in the previous section.

LUPA Rates

The State is divided into ten CMS geographical areas. The attached chart identifies the CMS geographical area for LUPA rates which you will be reimbursed beginning July 1, 2013. Identify the geographical area in which your home health agency is located. This is the basis for your LUPA reimbursement. The basis of the LUPA reimbursement is **not** the residence of any specific member that you may be serving.

LUPA Rate Adjustments

The LUPA base rates and the Medicare wage index shall be updated every two years to match the current CMS LUPA rates.

The LUPA rates in effect on January 1, 2013, shall apply to the first period of this methodology: July 1, 2013, through June 30, 2015.

LUPA Transition Process

The Iowa Department of Human Services (DHS) must receive CMS approval to change from the current reimbursement methodology to the LUPA methodology.

Until CMS approval is granted, Home Health Services providers will continue to be paid on the cost-to-charge ratio percentage in effect on July 1, 2013. No further changes will be made to this percentage.

After DHS has received approval from CMS, a retrospective re-pricing of all paid claims shall be calculated on remittance advices for each home health agency from July 1, 2013, until the date of official approval.

Each home health agency will be required to submit a final cost report at the agency's fiscal year-end that includes claims through June 30, 2013.

The final cost report will be due **180 days** after your fiscal year-end (FYE). A cost settlement will be completed for all claims from the beginning of your fiscal period until June 30, 2013. For example:

- FYE June 30, 2013: The final cost report of July 1, 2012 – June 30, 2013, will be due on **November 30, 2013**.
- FYE December 31, 2013: The final cost report of January 1, 2013 – December 31, 2013, will be due on **May 31, 2014**.

For any agency that has not submitted a final cost report, all claims paid from the beginning of your fiscal year until June 30, 2013, will become due to DHS 30 days after your cost report due date.

Further Questions

Please submit any questions to LUPA@dhs.state.ia.us. Responses shall be posted on the IME website for your reference.